

# Property Guideline - 6.13.G - (08/08/01)

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[Last Update: \(08/08/01\) BDenman:kma - 6.13.G.0](#)

[Property Related Precontract Considerations - 6.13.G.1](#)

[Property Related Contract Requirements - 6.13.G.2](#)

[Property Standard Clauses - 6.13.G.3](#)

[Property Accountability Agreements - 6.13.G.4](#)

[Loaned Property Agreements - 6.13.G.5](#)

[Property Forms - 6.13.G.6](#)

[Property and Contract Closeout - 6.13.G.7](#)

[Borrowed Property - 6.13.G.8](#)

[Administration of Property - 6.13.G.9](#)

[Government Property \(Non-Sandia\) Use by Contractors - 6.13.G.10](#)

[Returnable Containers - 6.13.G.11](#)

[Trade-In or Exchange of Personal Property - 6.13.G.12](#)

[Applicable Clauses - 6.13.G.13](#)

[References - 6.13.G.14](#)

[Policy - 6.13.P](#)

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**Last Update: (08/08/01) BDenman:kma -  
6.13.G.0**

Section 6.13.G.12 was revised to add information to the trade-in/exchange "exceptions" list.  
(Requested by Andy Martinez.)

## Definitions

**Acquisition Value** - All property furnished by SNL shall have an actual cost; if this is not available, a reasonable estimate can be used based on the price/cost to acquire an identical or equivalent item.

**Contractor-Acquired Property** - Property acquired or otherwise provided by the Contractor for performing a contract and to which the Government has title.

**Government-Furnished Property Accountability** - Performed by Property and Reapplication Services (SNL/NM) or Property, Transportation, and Materials Management Department (SNL/CA) for contract-related furnished property or Contractor acquired/fabricated property. Contractor has accountability while government property in their possession.

**High Risk Property** - Property which, because of its peculiar nature, has potential impact on public health and safety, on the environment, on security interests or on proliferation concerns, must be handled, controlled, cleared and disposed of in other than the standard manner.

**Government-Furnished Property (GFP)** - Items owned by DOE/U.S. Government under SNL control other than real property (land and whatever is erected on, growing on, or affixed to land). GFP includes:

- all numbered property furnished by SNL under a contract on a no-charge basis,
  - property which the Contractor is authorized to fabricate or procure for SNL and will not become a part of the end product, or
  - property currently residing at a Contractor's facility which will only be used in performance of current SNL identified contract.
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## Property Related Precontract Considerations - 6.13.G.1

### Determination of Need - 6.13.G.1.a

With the Requester's assistance, the SCR shall consider and document these factors in determining the necessity for furnished property or the suitability of Contractor acquired property:

- providing GFP will result in a direct measurable cost benefit to SNL. The cost benefit to

SNL must be a net benefit after considering the costs of providing GFP to the Contractor,

- determine need by examining the desirability of ownership, property management effort and cost, salvage value, and the economic feasibility from both the Contractor and SNL point of view,
- seek credit approval in accordance with Policy and Guideline 3.5 - Financial Evaluations of Contractors
- if radioactive material is involved, verify that Contractor has federal license to receive the type, form and quantity of the material (contact Radiation Protection Engineering for additional assistance),
- ensure that furnished-property/material conforms to SNL's import/export control policies and procedures,
- ensure that furnished property will not give any Contractor an unfair competitive advantage, and
- the SCR may authorize rent-free, noninterference use by other parties of GFP located at a Contractor's facility when:
  - use of property is directly or indirectly in the national interest, or
  - SNL receives some direct benefit.

All GFP must be controlled under an SNL contract.

**Notes:**

1. When the Contractor is authorized to acquire items, availability from DOE or federal sources should be considered. Other considerations should be excess property and property located in Reapplication.
2. SCR must determine if providing Government Furnished Property will impact the performance risk of the contract. In some cases; failure to deliver furnish property on a timely basis, or supplying the Contractor with defective property may preclude SNL from enforcing performance of the contract.

## **Controlled Property - 6.13.G.1.b**

All controlled property is labeled with a property number consisting of a bar code and identification number as defined in the following table.

<b>If a property item is...</b>	<b>Then it is categorized as...</b>	<b>Which means it is...</b>
White labeled with an "S"	Controlled	- valued at \$5,000 or greater, or

prefix number,		- sensitive.
White labeled with an "R" prefix number	Reimbursable	- related to a reimbursable contract, and - valued at \$1,000 or more, or - sensitive.
Orange labeled with a "V"	Low Value	- valued from \$1,000 to \$4,999, or - valued under \$1,000 but numbered due to special need.

### Examples:

- equipment (machinery, capital equipment, inspection and test equipment),
- data acquisition equipment,
- laboratory equipment,
- personal computers, and
- office equipment.

**Note:** All administratively controlled property is numbered and has to be listed and accounted for before it goes out.

## Exempt Items - 6.13.G.1.c

The following items are exempt from the requirements of this guideline.

- property of any type not specified in Definitions for GFP,
- items on orders/contracts exclusively for repair, rework, refurbishment, modification, coating, plating, silk screening, printing, evaluation, calibration or other work on the items,

**Caution:** If such items are included in orders/contracts for work in addition to being repaired, modified, etc., they are to be treated as furnished GFP and are not exempt items.

- property or material furnished to Contractors working on SNL premises provided the custody and control of such property remain with SNL (if the custody and control of such items is with a Contractor, the procedures of this guideline are applicable), and

**Note:** Property furnished to Contractors working on SNL premises must remain on site.

- property or material transferred to Integrated Contractors (ICs) and Federal Agencies (FAs). (See Policy and Guideline 5.9 - ICO/FAO.)

## Purchase Requisition - 6.13.G.1.d

The PR shall include the following information:

- a complete listing of all property to be furnished by SNL, including items, quantities, descriptions, acquisition values and the SNL property control numbers, if any, and
  - a property listing that is defined as clearly as possible, including the estimated costs for same, when property shall be acquired by Contractors.
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## Property Related Contract Requirements - 6.13.G.2

Once the SCR has determined and documented that it is necessary or in SNL's best interest to furnish property or to have the Contractor acquire property for SNL, the procurement documents shall reflect that decision.

The Procurement file shall at all times contain a complete, current record of all shipments of property furnished, and of property the Contractor is authorized to acquire for SNL. A copy of all Shippers and receipts shall be sent to the SCR for an audit trail to update the contract file by Property, Transportation, and Reapplication Services (SNL/NM) or Property and Materials Management Department (SNL/CA).

**Note:** A procurement document (i.e., contract, revision, etc.) must be in place before the Shipper is transmitted to Property, Transportation, and Reapplication Services (SNL/NM) or Property and Materials Management Department (SNL/CA) for approval.

### Foreign Procurements - 6.13.G.2.a

Title to Government-owned property, furnished by SNL or purchased by the foreign Contractor, may be transferred to the foreign Contractor upon receipt of the property by the Contractor **only after the SCR has obtained written authorization from the funding agency approving transfer of title of the property to the Contractor upon Contractor's receipt of the property.** A copy of the written authorization must be contained in the contract file. In addition, the transfer of title to property must be documented in the PAS. (See Standard Terms and Conditions for Fixed Price Contracts Established under the Renewable Energy Programs in Latin American Countries (SF 6432-LA), or Standard Terms and Conditions for Fixed Price Contracts with the New Independent States (NIS) of the Former Soviet Union (SF 6432-NI).)

### Solicitation Requirements - 6.13.G.2.b

The SCR shall incorporate the appropriate SC in Section I in the solicitation with a complete listing of the property applicable for the procurement.

- Do not complete the Ship Date.

- Generalized statements such as lot and box or required components are not acceptable for GFP.
- If the Contractor is authorized to acquire (procure/fabricate) property for SNL, and the specific items cannot be detailed at the onset of the procurement, generalized statements calling for tooling, manufacturing or test equipment, etc., may be used.

## Contractor's Offer - 6.13.G.2.c

SNL's furnishing of property should be reflected in the Contractor's proposal and in the negotiated price/estimated cost. If not offered in the solicitation, but requested by a Contractor, the SCR shall:

Step	Action
1	Consult with the Requester and determine if there is need for and concurrence with the request.
2	If justified, the SCR shall document the Procurement file.
3	Obtain a memorandum or e-mail message from the Requester with the complete listing of property to be furnished.
4	Amend the solicitation to reflect GFP, asking all quoters to submit a revised proposal (for competitive procurements only).

## Rental of Government Property - 6.13.G.2.d

Rent shall be charged, in accordance with procedures prescribed in FAR 52.245-9, when Government owned property is furnished for use by a for profit business under contract to SNL or for use by a foreign government.

## PO or Contract- 6.13.G.2.e

Prior to definitizing the placement document, the SCR shall complete the Ship Date, if known, in the property listing following the appropriate Section I SC(s). Justification for furnishing property shall be included in the PAS, or in a memo to the Procurement file when a PAS is not required. The justification shall include an explanation of the net benefit derived by SNL as a result of furnishing the property.

If the contract contains cost sharing provisions, property acquired by the Contractor as part of the cost sharing, for which the Contractor intends to retain ownership, **must** be listed in the original contract upon issuance. The listing must explicitly identify the property and value by item as part of the cost share, which will remain with the Contractor after contract conclusion. Property so identified is not accountable under SNL's property tracking system.

Property to be acquired by the Contractor and included as part of the Contractor's cost share may be added to a cost-sharing contract after award only when it could not reasonably be identified at the time of contract origination.

**Caution:** Ensure that scheduled ship date(s) for SNL-furnished items are compatible with the procurement's required performance. Late shipments can cause Contractor delays and increase SNL's costs.

## **Revisions - 6.13.G.2.f**

Any change, addition or deletion to be made to GFP or authorization for Contractor acquisition of property shall require a memo or e-mail from Requester. A revision must be processed incorporating the appropriate SC. Adequate consideration shall be negotiated, if appropriate. The SCR shall determine and document, the necessity for additional GFP (see Determination of Need section in this guideline – 6.13.G.1.a).

When, after contract award, a Contractor requests the use of GFP, and when the need for such use could have been ascertained prior to contract award, the SCR shall obtain adequate consideration (e.g., fee reduction on a CPFF contract type) if use is authorized (nonprofit institutions, including educational institutions, are exempt from this requirement for consideration). The value of the items, if known, and any amount included for them in the contract price shall be considered.

The SCR shall not amend expiring or expired contracts for the sole purpose of allowing retention of GFP.

## **Transferring Property Between Contracts - 6.13.G.2.g**

Transferring property from one contract to another requires a Memo of Justification from the line Requester to the SCR. Buyer-Made revisions will then be initiated by the SCR deleting property from and adding property to the appropriate contracts. A copy of the memo must then be filed in each applicable contract file. The GFP Clerks must have both Buyer-Made revisions or an original contract before they will delete the property or add the property to open contracts.

## **High Risk Property - 6.13.G.2.h**

Government property which is furnished by SNL or acquired by the Contractor to perform an SNL contract, is subject to U.S. Government export control regulations. Specifically, these regulations are applicable to all unclassified scientific and technical equipment, materials, and information in the possession or control of DOE or DOE Contractors, or the private sector, and cannot be transferred lawfully to another country without an export license or authorization.

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# **Property Standard Clauses - 6.13.G.3**

## **Section I Clauses - 6.13.G.3.a**

The clauses listed below are required solicitation/contract clauses which state the Ts&Cs under

which property is being furnished or authorized for acquisition.

<b>Standard Clause...</b>	<b>Is incorporated in...</b>
502-KFC - Property Forwarded to Contractor	solicitations when property must be examined prior to pricing a SOW for possible repair, refurbishment, testing, evaluation, modification or other such work.
503-SS - Sandia Property Shipment	solicitations and contracts for direct shipment of property from the Contractor to another Contractor.
506-AF - Acquisition/Fabrication of Property for Sandia and the Government	solicitations and contracts when the PR indicates that the Contractor will be authorized to acquire or fabricate property for SNL, the costs for which will be paid or reimbursed under the contract. <b>Note:</b> This clause requires the Contractor to send a copy of each invoice containing billings for this property to the SCR. The SCR shall send a copy of same to Property, Transportation, and Reapplication Services (SNL/NM) or the Property and Materials Management Department (SNL/CA).
507-KSG - Sandia Property Safeguards	solicitations and contracts which involve GFP which is precious as defined in Policy and Guideline 6.15. It may be used for other furnished property if the SCR deems that the safeguards are necessary.
508-KS - Government-Furnished Property/Material	solicitations and contracts when the PR indicates that SNL will furnish property that will have a residual factor at the conclusion of the contract.
509-NIS – Acquisition/Fabrication of Property for Sandia and the Government by Institutes in the New Independent States (NIS) of the Former Soviet Union	solicitations and contracts (mandatory) when the PR indicates that the NIS Contractor will be authorized to acquire and/or fabricate property for SNL. This SC must be included in all contracts when NIS Contractor’s proposal indicates that it intends to acquire and/or fabricate property for SNL, and the SCR accepts that portion of the proposal.
511-KAA - Property Accountability Agreement	a no-charge agreement with a Contractor using GFP for use on a number of SNL contracts.
515-KSM - Sandia-Furnished Material	solicitations and contracts when the PR indicates that SNL will furnish property such as piece parts and components, bar stock, metal plate, chemicals, etc., to be incorporated into the end product or to be consumed. No residuals are



involved.

**Caution:** This clause may only be used when the SCR is certain that the property being furnished is the:

- exact amount required, or
- value of such residual material is so low that the cost of returning same to SNL exceeds the value of the material, and the material is consumable.

These materials will not be controlled in the GFP accountability system.

516-KSP - Disposition of  
Government-Furnished  
Property

contracts when the Contractor has authorization to use GFP, acquire, or fabricate property in the performance of the contract.

## Section II Clauses - 6.13.G.3.b

The Protection of Government Property clause in Section II contains general provisions concerning Government property.

This clause defines the rights/responsibilities of SNL and the Contractor as relates to property, e.g., title, use, loss or damage, risk, disposition, identification and records, and protection.

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# Property Accountability Agreements - 6.13.G.4

Property Accountability Agreements (PAAs) are to be used with discretion. PAAs should only be placed where there are multiple contracts with a company and there are a large number of property items to be sent to the Contractor to perform the work.

The table below gives the SCR a procedural outline when adding property to a Property Accountability Agreement.

Step	Who	Action
1	SDR	Originates memo and Shipper listing property items to be added and e-mails the two documents to the GFP Clerk.
2	GFP Clerk	Approves Shipper and transmits copies of the Shipper and memo to: <ul style="list-style-type: none"><li>- SDR, and</li><li>- SCR.</li></ul>

3	SCR	Files electronic copy of memo and Shipper in Procurement contract file.
4	SCR/SDR/Contractor	Reconcile property items at Contractors worksite every quarter.
5	SCR	Amends contract.

Property returned to Sandia can be deleted from the Property Accountability Agreement by submitting a memo to the SCR, for the Procurement contract file, with a copy to the GFP Clerk. The contract can then be amended every four (4) months to delete the items that were returned when the reconciliation process takes place.

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## Loaned Property Agreements - 6.13.G.5

Loaned property agreements are used when Sandia loans property to another institution. All loan property agreements are handled by Property and Reapplication Services (SNL/NM) or Property and Materials Management Department (SNL/CA),

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## Property Forms - 6.13.G.6

When a contract calls for GFP or the acquisition/fabrication of property for SNL by the Contractor, the SCR or assigned Sandia Contract Administrator, shall process the following forms as required.

### Shipper - 6.13.G.6.a

Requesters must use an electronic Shipper for the purpose of providing SNL property to a Contractor. Shippers involving Government-Furnished Property must be approved by the GFP Clerks. The GFP Clerks will review the contract or revision before approving the Shipper.

Shippers relating to repairs under contracts, return/recall under contracts, ICOs and FAOs, trade-ins or upgrades, non-Sandia property related to a contract must be approved by the SCR.

### Property Billable - 6.13.G.6.b

The following table explains the SCR's responsibility in the use of the Property Billable form, SF 6110-AA. This table is used when the Contractor is authorized to acquire/fabricate property for SNL.

Step	The SCR...
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- 1 incorporates SC 506-AF and SF 6110-AA as may be appropriate for the solicitation and/or contract.
- 2 receives the completed form (3 copies) from the Contractor.
- 3 distributes the copies as follows:
  - Procurement file,
  - Property, Transportation, and Reapplication Services, and
  - Accounts Payable.

## **Residual Inventory of Material/Equipment - 6.13.G.6.c**

The following table defines the SCR's responsibility in the use of Residual Inventory of Material/Equipment Furnished or Acquired For Sandia, SF 6110-AC. This table is used when a contract contains any of the following SCs: 506-AF, 507-KSG, 508-KS, or 511-KAA.

<b>Step</b>	<b>The SCR/Sandia Contract Administrator...</b>
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- |   |  |
|---|--|
| 1 | sends SF 6110-AC to the Contractor at time of contract completion.   |
| 2 | receives the completed form from the Contractor.   |
| 3 | sends the form to Property, Transportation, and Reapplication Services, Attention: GFP Clerk, (SNL/NM) or the Property and Materials Management Department (SNL/CA), who in turn will forward to the requesting line organization for disposition instructions. The Property departments will route instructions to the Contractor, providing a contract file copy of disposition instructions to the applicable Sandia Contract Administrator on SF 6101-D. |
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## **Property and Contract Closeout - 6.13.G.7**

At the conclusion of a contract which involves either GFP or Contractor-acquired property with a residual factor (items associated with SCs 506-AF and 508-KS), a final disposition of same is required. The assigned SCR and Sandia Contract Administrator, with the assistance of the Property departments and the requesting line organization, is responsible for completion of this task.

Material furnished under the Ts&Cs of SC 515-KSM is considered to approximate the exact amount required and therefore, is not to be accounted for by the SCR. These consumables are not controlled by the GFP accountability system.

## **Contractor Reporting - 6.13.G.7.a**

The SCR/Sandia Contract Administrator shall request a residual inventory listing of property from the Contractor prior to contract completion, in order to reduce the number of special disposal actions to assure timely closeout of contracts.

- On contracts where the Contractor has been authorized to acquire or fabricate property (SC 506-AF), the SCR/Sandia Contract Administrator shall request a final Property Billable Form SF 6110-AA. Distribution shall be made as follows: one copy to the procurement file, one copy to Accounts Payable and the original routed to the Property and Reapplication Services, Attn: GFP Clerk, (SNL/NM) or the Property and Materials Management Department (SNL/CA).
- For all contracts incorporating GFP or Contractor-acquired/fabricated property, the SCR/Sandia Contract Administrator shall request a completed SF 6110-AC, Residual Inventory of Material or Equipment Furnished by or Acquired for Sandia. Upon receipt, the SCR/Sandia Contract Administrator shall forward same to the Property departments for line approval and disposition instructions.

**Note:** Any unresolved problems perceived by the requesting line organization with the Contractor's report of inventories shall be resolved by the SCR/Sandia Contract Administrator prior to closure.

## **Title Transfer of Non-DOE Funded Property - 6.13.G.7.b**

Title to specific property purchased under an SNL contract or loaned to the Contractor by a non-DOE funded Government agency, can be transferred to the contract only after receipt of specific written authorization from the funding Government agency. Authorization to transfer title shall list the specific property by description, catalog number, property number (if any), and value. The authorization must be signed by the same person(s) with the authority to transfer the funds to SNL. The SCR shall retain a copy of the written authorization in the contract file.

## **Final Disposition - 6.13.G.7.c**

Procurements involving GFP or contract-acquired property may not be considered closed until final disposition has been made of all outstanding property. The GFP Clerks prepares correspondence instructing the Contractor on the final disposition of property. The SCR, Sandia Contract Administrator, GFP Clerks, and the requesting line organization shall work together to make sure that all GFP is returned to Sandia. Sandia may withhold final payment or an appropriate amount of consideration until final disposition of GFP is effected.

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# Borrowed Property - 6.13.G.8

Property may be borrowed on a no-charge basis for a specific period of time from commercial concerns, Government agencies, ICs, or others for use at SNL or SNL-controlled areas. When borrowing property, the Requester sends a zero-dollar PR with the heading Borrowed Property to the appropriate SCR. This PR must be approved just as if the Requester were purchasing the item(s).

The SCR will then issue a no-charge agreement to the lender. The agreement shall include a Cover Page and a Section I.

Part of Agreement	Content
Cover page	Shipping instructions. <b>Note:</b> Transportation charges shall normally be assumed by SNL and will be charged to the project number noted on the PR.
Section I	SC 500-KBO, Borrowed Property. <b>Note:</b> SC 500-KBO constitutes the entire Section I.

SNL Receiving will place a property number on all borrowed property that is determined to be either:

- sensitive (i.e., computer, cellular phone, etc.),
- nonsensitive and valued over \$1,000 (i.e., oscilloscope plug-in), or
- capital equipment.

A quarterly review of all borrowed property at SNL will be conducted by Property, Transportation, and Reapplication Services. The Requester will be contacted and a determination will then be made as to whether or not a revision is required to extend the period of performance

Requesters must prepare an electronic Shipper, print a hardcopy and attach it to the borrowed property when the property is ready to be returned to the Contractor.

## Approval Levels - 6.13.G.8.a

Procurement approval levels shall be per the commitment approval levels noted in the SCR Manual based on the value of the borrowed property. Team review is not required for these agreements.

**Note:** The value stated in the borrowed agreement must be reasonable for subject property since the property has to be paid for in the event of a prospective purchase or loss of, destruction of or damage to property. If the property is to be paid for, a PO/contract based on a PR must be issued, the sole-source justified and appropriate approvals obtained.

## Expiration of Agreement - 6.13.G.8.b

Prior to or upon the expiration date of the agreement and with the concurrence of the Requester, the SCR shall initiate one of the following actions:

Tell the Requester to initiate the appropriate paperwork to:

- return the property to the lender,
- extend the date on the agreement, or
- purchase the property.

**Note:** Purchasing the property requires that the Requester submit a PR.

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## Administration of Property - 6.13.G.9

Administration of property accountability is the responsibility of Property, Transportation, and Reapplication Services (GFP Clerk) with assistance from the SCR or the assigned Sandia Contract Administrator.

Contractual adjustments required following the inventory/reconciliation process shall be made by the SCR using standard contract revision procedures. Damage, loss or theft of Government property shall be reported to the SCR and shall be referred to Property, Transportation, and Reapplication Services (SNL/NM) or the Property and Materials Management Department (SNL/CA) for handling.

In the event SNL property is not recovered, property records and the procurement document must reflect this and any appropriate remedy negotiated by the SCR. For example, if the Contractor replaces all items, changes may need to be made in serial numbers, SNL control numbers, etc. If SNL replaces the items for an appropriate adjustment in the contract price, procurement records must reflect those changes.

Under no circumstances can the SCR issue a contract revision to delete property without written authorization from Property, Transportation, and Reapplication Services (SNL/NM) or Property and Materials Management Department (SNL/CA).

All GFP shall remain located at the Contractor's facility or at the related work site. It is not acceptable for Government property to be taken to a Contractor(s) employee's home or other such nonwork location unless it is specifically called out in an SNL contract (i.e., consultants who work at home).

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# Government Property (Non-Sandia) Use by Contractors - 6.13.G.10

A Contractor may request the use of non-Sandia, Government property (i.e., facilities, equipment, tooling, etc.) for the performance of an SNL contract. If the request is approved by the SCR and the responsible Government agency, such use shall be on a no-charge noninterference basis.

The Contractor's request for the use of Government property shall be a part of the Contractor's proposal and include:

- description/identification of property,
- name and address of responsible Government agency and appropriate contact person,
- Government contract number controlling specified property, and
- estimate of savings to SNL associated with use of property.

The following table outlines the procedure for the SCR to obtain authorization for use of Government property.

Step	Action
1	Reviews Contractor's need for property and advantages associated with its use. <b>Caution:</b> Use of Government property shall not be authorized if it might enhance Contractor's competitive position.
2	- If SCR approves, then proceed to Step 3. - If SCR does not approve, then inform Contractor to seek other resources.
3	Prepares a letter of request to the appropriate Government agency to include: <ul style="list-style-type: none"><li>- SNL/DOE prime contract number,</li><li>- proposed/actual SNL contract number,</li><li>- Contractor's name and address,</li><li>- description/identification of Government property and its accountable contract number, if any,</li><li>- present and proposed location of property,</li><li>- brief description of associated SNL contract (i.e., SOW, contract term, value and pricing arrangement),</li><li>- statement of Contractor need and estimated savings/benefits to the</li></ul>

Government, and

- DOE authorization for SNL request.

- 4 Receive approval from Department Manager prior to sending the request letter.
  - 5
    - If Government agency approves, then proceed to Step 6.
    - If Government agency does not approve, then inform Contractor to seek other resources.
  - 6 Incorporate property SC 501-KGP into SNL contract. Property control is per the cognizant Government agency.
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## Returnable Containers - 6.13.G.11

SC 512-KR, Returnable Container, shall be used in all solicitations, orders, and contracts in which returnable containers may be involved. These are examples of returnable containers:

- crate case
- carboy reel
- drum spool

In concurrence with the Requester, the SCR shall make an evaluation of the cost implications applicable to the purchase of containers as opposed to the deposit and/or retention of the containers during any anticipated period of demurrage. Decision factors shall be:

- the Contractor's willingness to sell the container(s),
- the cost of the container(s),
- the applications the Requester may have for the container(s), and
- cost of and responsibility for container disposal.

Appropriate documentation regarding this evaluation should be maintained in the procurement file.

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## Trade-In or Exchange of Personal



# Property - 6.13.G.12

A trade-in or exchange must be covered by a PR which states that the trade-in or exchange allowance will be deducted from the price of the property to be acquired. Property to be acquired must be used in the performance of all or substantially all of the tasks or operations in which the returnable property would otherwise be used. Property to be acquired need not be the same in number nor used in the same location as the returnable property. The transaction must foster the economical and efficient accomplishment of an approved program.

**Example:** Two 1/2-ton trucks may be replaced with one 1-ton truck which will be used to perform the tasks previously requiring the two 1/2-ton trucks.

The PR must indicate that a trade-in or exchange is applicable to the item (property) required and include to the extent available the following:

- description (including manufacturer's name and model number),
- property number, if applicable, and
- copy of Request for Approval of Trade-In Form, SA6951-TRA.

The solicitation must indicate the details of the trade-in or exchange which is involved in the procurement action. Upon receipt of offer(s) which reflect the value of the trade-in or exchange item, the SCR or Requester, as appropriate, will solicit the approval from the Property Management Department.

## Exceptions - 6.13.G.12.a

The following categories of personal property (property other than real estate) may not be considered for sale, trade-in, or exchange:

### Federal Supply Classification Groups (FSC) and Identifications

- |    |   |
|----|---|
| 10 | Weapons   |
| 11 | Nuclear ordnance  |
| 12 | Fire control equipment  |
| 14 | Guided missiles   |
| 15 | Aircraft and airframe structural components (except FSC Class 1560, Airframe structural components) |
| 20 | Ship and marine equipment   |
| 22 | Railway equipment   |
| 42 | Firefighting, rescue, and safety equipment  |

- 44 Nuclear reactors (FSC class 4472 only)
- 51 Hand tools
- 54 Prefabricated structure and scaffolding
- 68 Chemicals and chemical products, except medical chemicals
- 71 Furniture
- 84 Clothing, individual equipment, and insignia
  - Materials in National Defense Stockpile (50 U.S.C. 98-98h) or the Defense Production Act inventory (50 U.S.C. App. 2093).
  - Nuclear Regulatory Commission controlled materials unless the required requirements are met.
  - Controlled substances, unless you meet the required requirements.
  - Scrap materials, except in the case of scrap gold for fine gold.
  - Property which was originally acquired as excess or forfeited property or from another source other than new procurement, unless such property has been in official use by the acquiring agency for at least 1 year. You may exchange or sell forfeited property in official use for less than 1 year if the head of your agency determines that continuing valid requirement exists, but the specific item in use no longer meets that requirement, and that exchange or sale meets all other requirements of this part.
  - Property that is dangerous to public health or safety without first rendering such property innocuous or providing for adequate safeguards as part of the exchange/sale.
  - Combat material without demilitarizing it in accordance with applicable regulations.
  - Flight Safety Critical Aircraft parts unless you meet the required provisions.
  - Acquisitions of unauthorized replacement property.
  - Acquisition of replacement property which violates any:
    - restriction on procurement of a commodity or commodities, or
    - replacement policy or standard prescribed by the President, the Congress, or the Administrator of General Services, or
    - contractual obligation.

You may use the exchange/sale authority only if you meet ALL of the following conditions:

- The property exchanged or sold is similar to the property acquired.

- The property exchanged or sold is not excess or surplus, and the property acquired is needed for approved programs.
  - The number of items acquired must equal the number of items exchanged or sold unless:
    - The item(s) acquired perform all or substantially all of the tasks for which the item(s) exchanged or sold would otherwise be used, or
    - The item(s) acquired and the item(s) exchanged or sold meet the test for similarity specified in this section, in that they are a part(s) or container(s) for identical or similar end items.
  - The property exchanged or sold was not acquired for the principal purpose of exchange or sale.
  - You document at the time of exchange or sale (or at the time of acquisition if it precedes the sale):
    - That the exchange allowance or sale proceeds will be applied to the acquisition of replacement property; and
    - For any property exchanged or sold under this part, the pertinent Federal Supply Classification (FSC) Group, the number of items, the original acquisition cost, the exchange allowance or sales proceeds (as applicable), and the source from which the property was originally acquired, i.e., new procurement, excess, forfeiture, or another source other than new procurement. These data, aggregated at the agency level, may be requested by GSA to evaluate use of the exchange/sale authority.
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## **Applicable Clauses - 6.13.G.13**

- SC 500-KBO - Borrowed Property
- SC 501-KGP - Contractors Use of Government Property
- SC 502-KFC - Property Forwarded to Contractor
- SC 503-SS - Sandia Property Shipment
- SC 506-AF - Acquisition/Fabrication of Property for Sandia and the Government
- SC 507-KSG - Sandia Property Safeguards
- SC 508-KS - Government-Furnished Property/Material
- SC 509-NIS - Acquisition/Fabrication of Property for Sandia and the Government by

Institutes in the New Independent States (NIS) of the Former Soviet Union

- SC 511-KAA - Property Accountability Agreement
  - SC 512-KR - Returnable Container
  - SC 515-KSM - Sandia-Furnished Material
  - SC 516-KSP - Disposition of Government-Furnished Property
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## References - 6.13.G.14

- Policy and Guideline 3.5 - Financial Evaluations of Contractors
  - Policy and Guideline 5.4 - Security
  - Policy and Guideline 5.9 - ICO/FAO
  - Policy and Guideline 5.10 - Other Government Sources of Supply
  - Policy and Guideline 5.13 - Organizational Conflicts of Interest
  - Policy and Guideline 6.1 - Commodity Categories and Subcategories
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Send feedback on ideas and information on this page to the Process Expert, Bertie Denman.



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